



General Assembly

February Session, 2012

Raised Bill No. 201

LCO No. 1146

01146_____BA_

Referred to Committee on Banks

Introduced by:
(BA)

AN ACT CONCERNING PREPAID CARDS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 42-460a of the 2012 supplement to the general
2 statutes is repealed and the following is substituted in lieu thereof
3 (*Effective October 1, 2012*):

4 (a) As used in this section, "general-use prepaid card" has the same
5 meaning given to that term in 12 CFR 205.20(a)(3), as from time to time
6 amended.

7 (b) A general-use prepaid card shall not include an expiration date
8 relative to the underlying funds that are redeemable through the use of
9 the applicable card, code or device. Notwithstanding the provisions of
10 this subsection, a general-use prepaid card may include an expiration
11 date with regard to such card, code or device, provided: (1) The
12 purchaser of or individual who increases or reloads funds onto the
13 card, code or device may, by way of a financial account that is linked
14 to such card, code or device, receive back both the remaining
15 unexpended balance and the accrued interest earned on the
16 unexpended balance on such card, code or device as of the date of

17 expiration of such card, code or device; (2) the purchaser of or
18 individual who increases or reloads funds onto the card, code or
19 device may set the expiration date on such card, code or device at not
20 less than ninety days from the date of purchase of or increasing or
21 reloading of funds onto such card, code or device, for the purpose of
22 receiving back the unexpended balance and accrued interest earned
23 on the unexpended balance on such card, code or device in an
24 expedited manner; (3) the purchaser of or individual who increases or
25 reloads funds onto such card, code or device may transfer the
26 unexpended balance on such card, code or device to a bank offering a
27 higher yield on and full insurance from the Federal Deposit Insurance
28 Corporation for the transferred balance until the consumer or recipient
29 of such card, code or device utilizes the unexpended balance or until
30 the date of expiration on such card, code or device has passed,
31 provided such purchaser or individual has a financial account that is
32 linked to such card, code or device; (4) the following disclosures are
33 made, in writing, on such card, code or device: (A) (i) That such card,
34 code or device expires, but that the underlying funds do not expire,
35 provided the purchaser of or individual who increases or reloads
36 funds onto such card, code or device has not set an expiration date in
37 accordance with subdivision (2) of this subsection, and (ii) that the
38 consumer may contact the issuer for a replacement card, code or
39 device; and (B) a toll-free telephone number and an Internet web site
40 address, if one is maintained, that a holder of a general-use prepaid
41 card may use to obtain a replacement card, code or device after such
42 card, code or device expires, provided the purchaser of or individual
43 who increases or reloads funds onto such card, code or device has not
44 set an expiration date in accordance with subdivision (2) of this
45 subsection; [(2)] (5) no fee or charge is imposed on [such] the holder of
46 such card, code or device for replacing the card, code or device or for
47 providing such holder with the remaining balance in some other
48 manner, provided the card, code or device has not been lost or stolen
49 and has not expired in accordance with subdivision (2) of this
50 subsection; [and (3)] (6) no fee or charge is imposed on the purchaser

51 of or individual who increases or reloads funds onto the card, code or
 52 device for replacing the card, code or device or providing such
 53 purchaser or individual with the unexpended balance in some other
 54 manner, provided the card, code or device has not been lost or stolen;
 55 and (7) the seller of the card, code or device has established policies
 56 and procedures to provide consumers a reasonable opportunity to
 57 purchase a card, code or device that has not less than five years
 58 remaining until the card, code or device expires, unless the purchaser
 59 of or individual who increases or reloads funds onto such card, code or
 60 device has a financial account that is linked to such card, code or
 61 device and sets an expiration date on such card, code or device at not
 62 less than ninety days from the date of purchase or increasing or
 63 reloading at which time the unexpended balance and any accrued
 64 interest on the unexpended balance on such card, code or device shall
 65 be transferred to such financial account.

66 (c) For purposes of complying with the disclosure requirements of
 67 subdivision (1) of subsection (b) of this section, (1) the issuer of the
 68 general-use prepaid card may provide disclosures that are consistent
 69 with the applicable provisions of 12 CFR 205.20(e), as from time to
 70 time amended, and (2) such issuer shall make the disclosure required
 71 under subparagraph (A) of said subdivision (1) with equal prominence
 72 and in close proximity to the expiration date on the applicable card,
 73 code or device.

This act shall take effect as follows and shall amend the following sections:

Section 1	October 1, 2012	42-460a
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Statement of Purpose:

To permit a purchaser of or individual who increases or reloads funds onto a general-use prepaid card, code or device to (1) receive back the unexpended balance and accrued interest on such balance by way of a financial account that is linked to such card, code or device, (2) receive back the unexpended balance and accrued interest in an expedited

manner, and (3) transfer the unexpended balance to a bank offering a higher yield and insurance from the FDIC on such balance.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]